

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 COME-00 EB-11 AID-20 PER-05 CIAE-00

INR-10 NSAE-00 RSC-01 IGA-02 USIA-15 PRS-01 TRSE-00

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FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC 6080

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E.O. 11652: N/A

TAGS: AFSP, BEXP, UY

SUBJECT: FY 1974 COMMERCIAL ACTION PROGRAM (CAP) - URUGUAY

REF : MONTEVIDEO 3682, STATE 26331

1. EMBASSY CAP TASK FORCE HAS REVIEWED RECOMMENDATIONS OF ACTION STAFF FOR URUGUAY CAP AND AGREES TO RECOMMENDATIONS WITH ONE MINOR EXCEPTION.

2. SPECIFICALLY, EMBASSY CONCURS IN COMMENTS AND RECOMMENDATIONS ON OBJECTIVES ONE, FOUR, AND FIVE. HOWEVER, BELIEVE THAT RECOMMENDATION RE ADMIRABLE TECHNIQUE ADOPTED BY COLOMBIA BY WHICH EACH MEMBER OF COUNTRY TEAM REPORTS ON MAJOR OPPORTUNITIES MONTHLY SHOULD BE MODIFIED SOMEWHAT FOR URUGUAY. SUGGEST THAT ACTION ONE BE PHRASED AS FOLLOWS: QUOTE ACTION ONE: MEMBERS OF OPERATIONS GROUP HAVE BEEN INSTRUCTED TO BRING ANY MAJOR COMMERCIAL OPPORTUNITY DETECTED BY THEM OR THEIR STAFF TO ATTENTION OF COMMERCIAL ATTACHE ON CONTINUING BASIS END QUOTE.

3. PALMAR HYDRO-ELECTRIC PROJECT AND OFF-SHORE PETROLEUM EXPLORATION REMAIN TWO LARGE PROJECTS ON WHICH ACTION POSSIBLE BEFORE END FY 1974. WE HAVE ADDED IDB (MONTEVIDEO 0490) FUNDED PETROLEUM BYOU ON WHICH SOME INFORMATION IS AVAILABLE THROUGH IDB WASHINGTON, AND INVESTMENT PROJECT IN MINING BLACK SANDS
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(MONTEVIDEO A-029). DISCUSSIONS REPORTEDLY HAVE BEEN HELD WITH ARGENTINA ON ESTABLISHING DEEP WATER PORT FOR RIVER PLATE ON

ATLANTIC COAST OF URUGUAY AND AGREEMENT WITH ARGENTINA INTER-
CONNECTION POWER GRIDS BUT UNLIKELY PROJECTS WILL BE READY FOR
EARLY WARNING UNTIL SOME TIME IN FY75. THERE IS ALSO POSSIB-
ILITY OF EX-IM BANK FINANCING BEING SOUGHT FOR \$3 MILLION
SYNTHETIC FIBER PLANT AND THIS WILL BE REPORTED IF AND AS IT
DEVELOPS.

4. WHEN CAP PREPARED EARLY LAST DECEMBER THERE WERE DEFINITE
PLANS ON PART OF GOU AUTHORITIES TO LIBERALIZE IMPORTS PAR-
TICULARLY IN CAPITAL GOODS FOR EXPORT INDUSTRY. DRAMATICALLY
INCREASED OIL IMPORT BILL FOR 1974 WHICH WILL RESULT IN SERIOUS
BALANCE OF PAYMENTS DEFICIT HAS CAUSED SOME RETHINKING AND
DELAYS IN IMPLEMENTING POLICY. BY END OF MARCH WE SHOULD HAVE
CLEARER IDEA OF GOU INTENTIONS FOR BALANCE FY.

5. WE WOULD APPRECIATE STATUS ON EMBASSY REQUEST FOR HIRING
PART-TIME LOCAL CONTRACTEE TO PREPARE REPORTS ON LAFTA.

6. REPORT OF CAP TASK FORCE PROCEEDINGS TOGETHER WITH COPIES
OF REVISED COMMERCIAL NEWSLETTER WILL BE SENT TO ACTION GROUP
SHORTLY.

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